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Donald Trump: Press Siren

BY ALLAN DODDS FRANK

Covering Donald Trump has always been a challenge.

The one aspect of his behavior that constantly tests reporters is that his credibility is always suspect. There is never a guarantee that anything he says or asserts can be taken as absolutely true. Being completely truthful is not and has apparently never been part of Trump's modus operandi.

Thinking about the thousands of people I have interviewed during my four decades as a newspaper, magazine and television reporter, I am hard-pressed to think of anybody like him.

I have been following Trump and his business adventures since I first interviewed him 32 years ago for a story in Forbes.

His media savvy was apparent to all even then, long before he polished his close-ups for 14 years as a television game-show host. Unlike other executives who were terrified by reporters, Trump always relished publicity. And he knew that if an investigative reporter was sniffing around, the best way to understand the challenge and control the damage was to call the journalist back right away.

In 1984, he was a hyper-ambitious young developer active in local politics with a rich father and a burning desire to be more than a regional celebrity. His first big national play was his grand plan to drive the U.S. Football League to greatness and take a bite out of the National Football League.

My first interview with him – in his office at the Trump Tower on Fifth Avenue – was cordial and only a little combative. But even then, it was obvious his relentless self-promotion generated waves of overstatements, exaggerations and misrepresentations. Fact-checking him clearly was going



to be a nightmare.

As an owner of the New Jersey Generals, Trump had flashily signed some big stars, including running back Herschel Walker, who lent the new U.S.F.L. enough appeal to garner a \$15 million contract from ESPN to broadcast football in the spring.

Some U.S.F.L. owners thought the league – by creating a bidding war – could stockpile enough talent to force the N.F.L. to create two or more new franchises in exchange for collapsing the U.S.F.L. and absorbing its star players. That deal – split among the U.S.F.L. owners – would have generated huge profits or even better: stakes in N.F.L. franchises that might now be worth more than \$1 billion each.

Instead, Trump insisted on going to head-on war with the N.F.L. by moving the upstart league's season to the fall. Here's the rationale Trump gave Forbes: "I go first class. If you're going to go first class, you need the television revenue generated by the fall and winter. It is as simple as that. The biggest obstacle we'll have to moving is our own success."

The antitrust suit against the N.F.L. that Trump promoted was actually won by the U.S.F.L. and the federal judge awarded \$1 – 100 pennies – in damages. Led by Trump, the U.S.F.L. collapsed and the owners lost their investments.

Trump remained on my radar, and I would bump into him at events around town. Always eager to have a spot on the Forbes 400 rich list, he was all smiles when I encountered him at a reception he hosted at the 1988 Mike Tyson- Michael Spinks heavyweight title fight in Atlantic City. Many bankers eager to give him loans almost certainly were squeezed in the jazzed-up crowd close to the many models and friends of Marla Maples who were present.

I really resumed covering him in December 1989, a little

more than a year after I had become the Business Investigative Correspondent for ABC News. Trump was then yearning to be a national figure, and getting front page attention from gossips Liz Smith and Cindy Adams about splitting with his wife Ivana.

When one of my bosses, Paul Friedman, the executive producer of “World News Tonight With Peter Jennings” asked me for story ideas, I told him I suspected Donald Trump was broke despite his grand pronouncements about building the world’s largest casino in Atlantic City.

Friedman seemed intrigued. “How do you know? he asked. I told him “Stevie Wonder Fingertips Part 2. I can just feel it... It would take a lot of digging to prove and take months. You would have to look up all his mortgages, his junk bond offerings, etc.” After listening for a couple of minutes, Friedman dispatched me with: “Allan, can’t you take ‘Yes’ for an answer? Go do the story.”

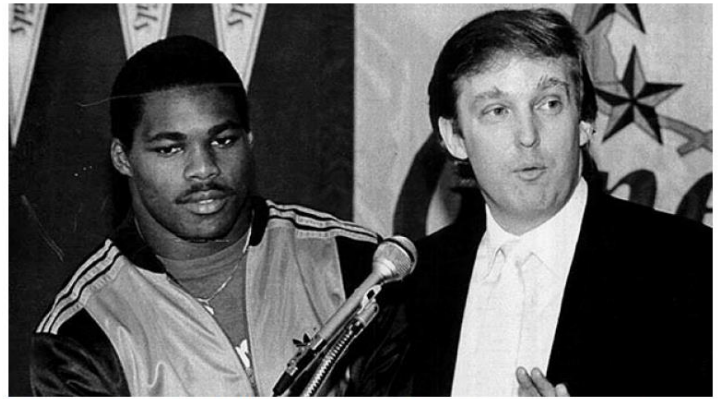
Accompanied by John Metaxas, then an ABC producer who had degrees from Columbia Journalism and Columbia Law School, I began a dusty pre-digital age four-month journey through municipal records, court filings, Securities & Exchange Commission documents and dozens of interviews, culminating with a sit-down with Mr. Trump.

On April 2, 1990, the day the Trump Taj Mahal opened in Atlantic City, my first piece went on the air. Peter Jennings led into it by calling the Taj Mahal project “...an example of how Trump does business. Little of the money at stake is his own.”

What I had discovered was pretty simple, although it was so complex and arduous that apparently none of his creditors had ever bothered to undertake the exercise. When I added up all his obligations, I discovered that he owed more than \$3 billion against assets worth perhaps 50 percent as much. I also found he owned mere fractions of many properties carrying his name that the public assumed were his. I even looked up every mortgage on apartments in the Trump Tower and discovered that dozens were held in the names of dummy offshore corporations or partnerships that masked the true owners.

When I questioned Trump about the property values he listed on his so-called “net worth statement,” his defense was essentially his assertion that putting the name Trump on a property doubled its value overnight. In that way, he claimed the Plaza Hotel and the Eastern Airlines Shuttle made him look like a genius because they were worth so much more than he paid. As he told me then: “I have really trophy assets and I guess that they are disproportionately valuable because of the fact they are trophies, but I have zero idea what I am worth.”

My favorite sound bite from the initial interview taped



Trump and Herschel Walker, a big-name player he signed for his fledgling U.S. Football League in 1984.

on March 30, 1990 was this one. “The institutions that finance what I have, they happen to be in love with Donald Trump. But they are not in love with me because I am a nice guy or anything. They are in love with me because everything I have done has been a tremendous winner.”

My tagline on the initial story about what Trump called “The Eighth Wonder of the World” – his third casino – went like this: “Trump is gambling with investors money and hoping his customers lose theirs.” The first sound bite had been Trump’s view: “It’s real estate. It’s a hotel. It’s everything, but it is really show biz. And somehow it has just worked out well for me.”

As I later learned, Trump called ABC News President Roone Arledge the next morning to complain about my story and extend an invitation to play golf. Arledge blew off the request and I never heard a word of complaint. I had however received a profane message from Trump the night the story aired on my answering machine, which my wife now regrets I erased since it was such a classic.

The machinations of the Trump story kept getting better and I kept doing it for “World News,” for “Business World With Sander Vanocur” and with Sam Donaldson for “PrimeTime Live.”

On June 5, the leading papers and I reported that Trump was in trouble with his lenders. Jennings began: “... Every acquisition accompanied by a bombardment of self-promotion. And now there is that matter of not enough cash on hand so Mr. Trump is in trouble. Here’s ABC’s Allan Frank.”

I began by detailing how Trump had convinced banks he was a good credit risk and that he now faced interest payments of nearly \$1 million a day. The banks had begun to question whether he could make upcoming bond payments on his casinos. Trump’s sound bite from the March 30 interview helped. Trump: “The banks like me because I pay the interest on time and then at the conclusion of the deal, they are gone. They go home happy.”

At the time, my wife Lilian King was the chief of staff for the man at Citibank who ran most of the retail bank and 45,000 employees. The bank's stock price was low and the CEO John Reed had allowed bad loans to South America to jeopardize the bank's financial soundness. As guests, we attended a benefit on June 13 at the Waldorf-Astoria at the Citibank table.

Being shy as usual, during the cocktail hour, I kidded the bankers: "I do not understand why you do not have a policy that you will make no loans to Brazil or Donald Trump before 10 am." One banker asked: "What do you mean about Trump?" and I ticked off his major loans from various divisions of Citibank, Bankers Trust, Chase Manhattan, Manufacturers Hanover, and others, including bondholders.

Years later, I learned that I may have sounded an alarm. The highest-ranking Citibank executive at the dinner convened a credit-risk assessment meeting at the bank the following morning to review its position with Trump.

That day, without my wife's consent or involvement, I felt obligated to call Citibank to ask what the bank's position would be if Trump were found to be insolvent or go bankrupt.

I got no answer except by the bank's actions. It turns out this was one of those moments in the history of "Too Big to Fail." Trump owed so much money to different divisions of Citibank that if it took him down, the bank might have severe problems with government regulators concerned about whether it had enough capital.

So on June 15, I was back on the air, reporting that Trump had unexpectedly made an announcement. He would make a \$16 million payment due on Trump Plaza casino, would not make a \$30 million one due on the Trump Castle casino and was still trying to negotiate a \$60 million bridge loan.

Then on June 26, I was reporting about the banks agreeing to give Trump a \$20 million loan to make his next payment. Led by Citibank, his creditors installed an overseer, Steven Bollenbach, the former Chief Financial Officer of the Walt Disney Company, who put Trump on a personal allowance of \$450,000 a month. The creditors made Trump dump his private jet, his helicopter and his yacht, which alone cost \$250,000 a month to maintain.

Perhaps even more fun than reporting the story myself was producing it for "PrimeTime Live" with Sam Donaldson. We were ignoring Trump's impending divorce and his infatuation with Marla Maples.

I warned Sam that Trump would promise him a look at the books to support his net worth statement, then find some pretense to withdraw the offer. Trump was true to form.

He offered the books to Sam, then a few minutes later, retracted the offer by labeling Sam as an unsophisticated person who knew nothing about business and would be incapable of understanding the art in Trump's deals. Donaldson was ready. He accepted Trump's insults merrily and announced that his lack of knowledge about bookkeeping was the reason ABC News had a Big Eight accounting firm standing by to help him sift through the finances of the Trump empire. For several weeks, Sam would – on the air – offer Trump a new red tie in exchange for fulfilling his promise to hand over the books. Of course, Trump never delivered.

To double-check my recollections about the encounter, I called Sam at his ranch in New Mexico.

"In almost every incident when I brought something up, he would say: "You're ignorant "or "clearly out of your league there" or something. In the end, when we turned off the camera, he said something to the effect: "I am sure that you're not going to use any of that material," and I said: "Oh No, Mr. Trump. I am going to use every one of the putdowns."

Donaldson said: "The point is Trump is Trump and when I met him he was no different than he is today. Today, he is using those traits of his to inflame, to divide. At first I thought he was just having a lot of fun and a great time. Then I realized he was serious as his numbers mounted and his support seemed to grow."

Donaldson says the press and public need not worry. "He is not going to be president. I can assure you of that, not because I have any means of stopping him. But if I know anything about this country, it is not going to make him president. And if I am wrong, then it isn't the country I thought I knew."